

Handling Fee Guidelines



November 2006

Intentionally left blank

TABLE OF CONTENT

SECTIONS	PAGE
INTRODUCTION	3
DEFINITION AND PURPOSE OF HANDLING FEES	3
<i>What Are Handling Fees?</i>	
<i>What Is The Purpose Of Handling Fees?</i>	
ELIGIBILITY	4
<i>What Recycling Center Categories are Eligible for Handling Fees?</i>	
<i>What Criteria Must All Eligible Recycling Centers Meet?</i>	
<i>Rural Region Recycler Information</i>	
<i>What Might Make All Recycling Centers Ineligible For Handling Fees?</i>	
<i>What Are Your Monthly Redemption Requirements?</i>	
APPLYING FOR HANDLING FEES	9
<i>How Do You Apply?</i>	
<i>What Considerations Pertain To Your Application?</i>	
CALCULATIONS AND PAYMENTS	11
<i>How Will The Department Calculate Your Handling Fee?</i>	
<i>Sample Handling Fee Calculation</i>	
<i>How Are Handling Fee Funds</i>	
<i>How Are Sites Ranked?</i>	
<i>How Will Your Handling Fee Claims Be Processed?</i>	
RECORD KEEPING	15
<i>What Records Do You Need to Keep?</i>	
APPEALS	15
<i>How Do You Appeal A Handling Fee Denial?</i>	
ADDITIONAL INFORMATION	17
<i>Important Phone Numbers and Addresses</i>	
APPENDIX A:	
<i>Excerpts From the California Beverage Container Recycling and Litter</i>	
<i>Reduction Act and Related Code Sections</i>	18
<i>Definitions</i>	
<i>Related Code Sections</i>	
<i>Handling Fees</i>	
APPENDIX B:	
<i>Glossary</i>	23
APPENDIX C:	
<i>Handling Fee Application (DR-14 Form 01/00)</i>	27



INTRODUCTION

These guidelines describe the methods the California Department of Conservation (Department) will use to make handling fee payments (HFs) to qualified recyclers. These guidelines also provide information and procedures that recyclers should understand and follow in order to apply for and receive HFs. The Department has adopted these guidelines pursuant to Public Resources Code (PRC) Section 14585 as amended by Chapter 907, Statutes of 2006, effective September 30, 2006. PRC Codes in this text are mentioned in Appendix A.

While the Department has made every attempt to ensure accuracy and completeness, these guidelines are advisory only and do not replace or supersede either the Public Resources Code or the Department's California Code of Regulations (CCR). Questions relating to handling fees ultimately will be resolved using the provisions of statute and regulation and not by reference to these guidelines.

DEFINITION AND PURPOSE OF HANDLING FEES

WHAT ARE HANDLING FEES?

Handling fees are monthly payments made by the Department to recycling centers that meet certain eligibility requirements. A recycler can receive payment of 1.8 cents (\$0.018) for each eligible container redeemed at an eligible center, up to a maximum of \$2,300 per month.

WHAT IS THE PURPOSE OF HANDLING FEES?

The Department makes HF payments to recyclers in order to provide incentives for the convenient redemption of empty beverage containers. These payments encourage increased redemptions and reward operational efficiency at supermarket site recycling centers, nonprofit convenience zone recycling centers and rural region recycling centers operating within convenience zones (CZ)

- The HF is based solely on actual numbers of containers redeemed as reported on a calendar monthly basis.
- A monthly report of redemption weights will serve as a monthly HF application. (See Section: "Applying for Handling Fees".)
- The maximum allowable monthly HF payment (\$2,300) is the same for all applicants.



ELIGIBILITY

WHAT RECYCLING CENTER CATEGORIES ARE ELIGIBLE FOR HFS?

To be eligible for HFs, a recycler must be one of the following types of recycling centers:

- **Supermarket Site Recycling Center**

To be qualified as a "supermarket site", your recycling center must be located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

- **Nonprofit Convenience Zone Recycling Center**

To be qualified as a nonprofit convenience zone recycling center, the operator of the site must be a **nonprofit** organization as established under Section 501(c) or 501(d) of Title 26 of the United States Code and has recycling centers which are certified and located **somewhere** within a convenience zone. The location of the recycling center need not be at a supermarket site.

- **Rural Region Recycling Center**

To be qualified as a rural region recycling center, the recycling center must be located in a rural region as defined by the Farmer's Home Loan Administration criteria pursuant to 14571 (b)(2)(A) and the recycling center is located **somewhere** within a convenience zone. The location of the recycling center need not be at a supermarket site. Please refer to the "Rural Region Recycler Information" segment within this section for more options pertaining to HFs.

The Department will inspect each of the above recycling centers to determine whether such sites meet their respective proximity requirements within a convenience zone.

WHAT CRITERIA MUST ALL ELIGIBLE RECYCLING CENTERS MEET?

The Department determines each month the handling fee eligibility for every recycling location. To be eligible for a HF, a recycling center must be all of the following on the first day of the calendar month for which HFs are claimed:

- **Certified and Operational Requirements**

As a certified recycling center, you are obligated to be certified and operational as of the first day of the reporting month in accordance with Division 12.1 of the California PRC and Title 14 of the CCRs. Repeated violations of these laws or regulations can result in decertification of your facility and the loss of your HF award. The Department closely monitors each facility for violations. (See PRC Section 14585(a).)

- **The Sole Recycler in the Zone**

The only certified, non-grandfathered recycling center in a convenience zone. (See PRC Section 14585(c)(1).)

A RECYCLING CENTER MUST NOT BE ANY OF THE FOLLOWING:

- **Second-In-A-Zone**

An entity that causes another recycler in the same zone to no longer be eligible to receive HFs. Entities that locate in a particular zone thereby causing another recycler to become ineligible to receive handling fees, will never be eligible for handling fees in that zone. This prohibition will apply even if the original recycler decertifies. It also applies to grandfathered facilities which elect to begin accepting all material types. (See PRC Section 14585(c)(1).)

- **Grandfathered**

A "grandfathered" facility, accepting fewer than all material types. (See PRC Section 14572(b).)

RURAL REGION RECYCLER INFORMATION

Singular Sites

In common with supermarket site recycling centers and nonprofit convenience zone recycling centers, a rural region recycling center can apply for a single handling fee payment for each recycling center within a convenience zone. Each Handling Fee Application (DR-14) would be singularly calculated to determine the handling fee payment. The handling fee payment would reflect the containers redeemed at one and only one recycling location. (See PRC Section 14585(c)(2) and PRC Section 14525.5.1.)

To qualify for this handling fee option a recycling center location must:

- Operate a minimum of 30 hours per week, and
- Meet the requirements under the ELIGIBILITY Section.

Multiple Sites

To be eligible for any handling fee, a supermarket site recycling center, nonprofit convenience zone recycling center or rural region recycling center must redeem a minimum of 60,000 beverage containers or an average volume of at least 60,000 beverage containers during the previous 12 months. Historically, recyclers operating in rural regions have difficulty attaining the minimum volume criteria due to the decentralized, low populated areas they serve. To help ensure the success of redeeming beverage containers in rural areas, a new option is available for rural region recyclers which began January 1, 2000.

Rural Region Recyclers will have the flexibility to **combine** total monthly beverage container purchases from two or more of their rural convenience zone sites to establish eligibility for a **single** handling fee payment based on the aggregate volume of the sites chosen. There is no maximum number of sites that can be included in this combination of recycling centers, or **cluster**. Also, any one operator may form as many clusters as meets their business needs. (See PRC Section 14585(c)(2) and PRC Section 14525.5.1.)

To qualify for this option:

- Each individual site within a convenience zone must be open a minimum of eight hours per week. Any information regarding the operating hours of rural region recyclers can be obtained by calling the Certification Section at (916) 324-8598.



- The total hours of all of the sites in the cluster must be at least 30 hours per week.
- Each individual site must meet the requirements under the ELIGIBILITY section.

Reporting

If a rural region recycler elects to combine two or more sites into a cluster, the operator must identify the sites they wish to combine within a cluster for the respective reporting month by submitting the following in writing **each** month to the Department:

1. The certification numbers and addresses of the locations where receipts are to be combined;
2. The handling fee reporting month and year of the transactions to be combined;
3. The company name, address, contact person and business phone number, signed and dated by the contact person.

This cluster information is to be postmarked no later than the fifth day of the first month following the reporting period. A reporting month is the calendar month for which a handling fee is being claimed. For example, for the reporting month of January 2007, the cluster information letter to the Department is due to be postmarked no later than February 5, 2007. This cluster information letter is to be mailed to:

State of California
Department of Conservation
Division of Recycling
 ATTN: Handling Fees MS 15-29
 801 K Street Sacramento, CA 95814-3533

 (916) 322-4867 or
 1-800-RECYCLE (in CA only)

A rural region recycler that fails to provide this information by the date specified shall not be eligible for a single handling fee payment based on combined monthly beverage container purchases from two or more of its convenience zone sites.

Additionally, the rural region recycler must submit a separate handling fee application (DR-14) to IKON for each separate recycling center in the cluster. Please refer to the section entitled: Applying For Handling Fees.

WHAT MIGHT MAKE ALL RECYCLING CENTERS INELIGIBLE FOR HANDLING FEES?

Despite being eligible for HFs in previous months, your site could become ineligible in subsequent months based on a variety of situations. For example:

- **Second Recycler Certifies**

Another recycling center certifies and begins operating within the convenience zone in which you are otherwise eligible to receive

HFs. Your site's HF eligibility will end sixty (60) days from the operational date of the second recycling center.

- **Deletion of a Zone**

The convenience zone served by your facility is deleted due to the permanent closure of the supermarket. In this situation, your site will become ineligible for HFs at the end of the month in which the supermarket closes.

- **Non-Operation or Decertification**

Your center ceases to operate or decertifies. You will not receive HFs for any period during which your site was not certified and operational as of the first day of the reporting month.

- **Insufficient Funds**

The funds allocated by the Department for a particular month are insufficient to pay for all eligible containers and your site's number of containers falls below the cutoff level. In this case, your site will not receive any HF for that month. This will not affect your site's eligibility for subsequent months. (See "How Are HF Funds Allocated?" and "How Are Sites Ranked?" segments within the Calculations and Payments Section.)

WHAT MIGHT MAKE A RURAL REGION CLUSTER INELIGIBLE FOR HANDLING FEES?

The Department views a combination of rural region recycling centers (cluster) as requested by an operator as a single entity for a handling fee payment. Therefore, each recycling center within the cluster must meet all of the criteria listed earlier. For example, if one recycling center in the cluster is not operational as of the first day of the reporting month, the cluster will be denied any handling fee payment. If a convenience zone served by a recycling center in the cluster becomes deleted by the Department, the cluster will also be denied any handling fee payment.

There are three requirements unique to a rural region recycling cluster that must be observed in order to receive any handling fee payment based on the aggregate volumes. Any one or combination of the following criteria will also result in the Department denying any handling fee payment for that reporting month.

- **Cluster Site Reduces Hours Below 8**

If one or more of the sites that the rural region recycler has identified to be within a cluster reduces their hours below eight (8) hours per week in the reporting month identified, then the entire cluster will be denied handling fees for that reporting month.

- **Cluster Sites' Aggregate Hours Fall Below 30**

If the sum of the cluster sites' hours fall below thirty (30) hours per week in the reporting month identified, then the entire cluster will be denied handling fees for that reporting month.

- **Rural Region Recycler Fails to Notify Department of Cluster**

If a rural region recycler neglects to notify the Department on a **monthly** basis which sites will be formed into a cluster, then they will not receive a **single** handling fee based on the combined



volumes from two or more of their sites. Each recycling center will be evaluated on a site by site basis for meeting its site's eligibility and volume criteria. By not notifying the Department of the continued existence of a rural region cluster, the operator is in effect dissolving the cluster altogether.

A rural recycling center operator is required each month to notify the Department by the fifth day of the first month following the handling fee reporting month of the recycling centers to be included in a cluster. For example, for the handling fee reporting month of January 2007, the cluster information letter to the Department is due to be postmarked no later than February 5, 2007. This notification process allows the operator time to review each site's eligibility and volume information for January and evaluate if any modifications in the cluster's recycling center configuration needs to be amended. The aforementioned data might prompt an operator to add or delete a recycling center site from an existing cluster or create a new cluster.

Whether any changes take place in a cluster's recycling center composition or not, the notice mentioned in the "Rural Region Recycler Information" segment within this section must be sent to the Department each and every month.

WHAT ARE YOUR MONTHLY REDEMPTION REQUIREMENTS?

To be eligible for any handling fee, a supermarket site recycling center, nonprofit convenience zone recycler, or rural region recycler shall redeem not less than 60,000 beverage containers during the calendar month in which the handling fee is claimed, or an average volume of at least 60,000 beverage containers during the previous 12 months.

APPLYING FOR HANDLING FEES

HOW DO YOU APPLY?

Recycling Center operators must submit a Handling Fee Application (DR-14) each month to:

IKON Business Information Service

P.O. Box 277850

Attention: PRPS UNIT DR-14

Sacramento, CA 95827

A copy of the DR-14 to be used is located in Appendix C. The "reporting month" is the calendar month for which a HF is being claimed. On this application you must accurately report your receipts-and-logs redemption weights, in tenths of pounds, for all material types redeemed from consumers during the reporting month. The information submitted on these applications must correspond to your daily receipts and logs.

Each application must be for only one calendar month and one eligible recycling site (See Eligibility Section). Rural region recyclers combining total monthly beverage container purchases from two or more of their rural convenience zone sites to establish eligibility for a **single** handling fee payment must also submit a DR-14 for each separate recycling center in the configuration or cluster (See "Rural Region Recycler Information" in the Eligibility Section.) Your application must be submitted monthly and **must be postmarked no later than the first day of the second month following the reporting month, for example, for the reporting month of January 2007, the handling fee application (DR-14) is due to be postmarked no later than March 1, 2007. Your application will be rejected if it is (1) postmarked after this date, or (2) incorrectly completed. If your application is rejected, you will not receive payment for that reporting month and your HF payment will be forfeited.** This forfeiture will not affect your HF eligibility for any future month. As an applicant, you bear sole responsibility for meeting the reporting deadline.

These reporting requirements, along with line-by-line instructions on completing the DR-14, can be found in the Participant Manual for recyclers, which is available from:

IKON Business Information Service

3062 Prospect Park Drive, Suite A

Attn.: PRPS Unit-Order Department

Sacramento, CA 95670

(916) 852-1010



WHAT CONSIDERATIONS PERTAIN TO YOUR APPLICATION?

Several considerations pertain to your HF application. Keep these issues in mind as you complete your application.

First, the Handling Fee Application covers one calendar month only. To continue receiving HFs, you must reapply for each subsequent month.

Second, by signing and submitting the DR-14, you are certifying that the reported redemption weights were redeemed: (1) only by the recycling center at the site reported on the application, (2) only from consumers, (3) only during the reporting month and (4) only during periods when the recycling center was open for business.

Third, by signing the DR-14 you are certifying that you understand that the form is only an application for HF and that the final determination of eligibility for, and amount of, HF payments will be made by the Department.

Fourth, civil penalties of up to five thousand dollars (\$5,000) per day may be assessed for violation of the laws and regulations governing the DR-14. Submission of false information on a HF application with intent to defraud is a crime punishable by substantial fines, up to three years of imprisonment, or both.

CALCULATIONS & PAYMENTS

HOW WILL THE DEPARTMENT CALCULATE YOUR HANDLING FEE?

After determining that a site meets the eligibility criteria as described in the Eligibility Section, the Department will then calculate your handling fee. The calculation involves the steps described in the left column of the next two pages.

SAMPLE HF CALCULATION

In this sample handling fee calculation, assume the term "site" is used for either a singular recycling center location or a cluster of rural region recycling center locations as requested by the operator applying for a handling fee payment. Please note that the operator of a rural region recycling cluster must submit to IKON a separate DR-14 for each recycling site in the cluster. IKON will then proceed to combine the individual volumes to produce the aggregate volume for the cluster.

STEP ONE

WEIGHT-TO-CONTAINER CONVERSION

The Department first converts the reported redemption weights to containers using, for each material type, the Department's statewide-average container-per-pound rates. The rates used reflect the requirement that, for purposes of determining the eligibility percentage and all other handling fee calculations, beverage containers with a capacity of 24 fluid ounces or more count as two beverage containers.

The site reports redemption weights for January 2000 that the Department has converted to the following container counts:

Aluminum = 25,000
Glass = 31,000
Plastic = 20,000
Bimetal = 0

STEP TWO

MINIMUM REDEMPTION CHECK

The Department then checks to see that the total number of containers calculated above meets the minimum redemption required by statute. As of January 1, 2004 this minimum is 60,000 containers, or an average volume of at least 60,000 beverage containers during the previous 12 months.



	Aluminum
Plus	Glass
Plus	Plastic
Plus	Bimetal

Must be at least 60,000 containers.

If the total is less than the required minimum, the site may not be eligible for handling fees for that month, depending on the 12-month handling fee average of the site.

Did the site's total container count equal or exceed 60,000?

(Containers)	
	125,000
Plus	31,000
Plus	20,000
Plus	0
<hr/>	
Equals	176,000

Yes, the site redeemed 176,000 containers which meets the required parameters.

STEP THREE

ELIGIBLE CONTAINER DETERMINATION

The Department then determines the Site's number of eligible containers by taking the lesser of the Site's total containers or the Site's total glass and plastic containers divided by the eligibility percentage, which is fixed at 10 percent, effective January 1, 2000.

	Aluminum
Plus	Glass
Plus	Plastic
Plus	Bimetal
<hr/>	
Equals	Eligible Containers

OR

	Glass
Plus	Plastic
<hr/>	
Equals	Total Glass and Plastic
Total Glass and Plastic	Divided by
Eligibility Percentage	
<hr/>	
Equals	Eligible Containers
whichever is less.	

What is the Site's eligible monthly volume?

(Containers)	
	125,000
Plus	31,000
Plus	20,000
Plus	0
<hr/>	
Equals	OR

	(Containers)
	31,000
Plus	20,000
Equals	51,000
	51,000
Divided by	.10
Equals	510,000
whichever is less.	

The Site's eligible volume is 176,000 containers.

STEP FOUR

HANDLING FEE CALCULATION

The Department then calculates the Site's handling fee as the lesser of \$2,300 or \$0.018 times the eligible number of containers.

Handling Fees = **\$2,300**

OR

	Eligible Containers
Multiplied by	\$0.018
Equals	Handling Fees
whichever is less.	

What is the Site's handling fee?

Handling Fees = **\$2,300**

OR

	176,000
Multiplied by	\$0.018
Equals	\$3,168.00
whichever is less.	

The Site's handling fee is **\$2,300**

HOW ARE HANDLING FEE FUNDS ALLOCATED?

Subject to the availability of funds, the Department may expend up to \$33 million for handling fees in fiscal year 2006-2007, \$35 million in fiscal year 2007-2008. The Department may carry over any unexpended monthly allocation to subsequent months except that no allocation for handling fees can be carried forward to a new fiscal year. If the allocation for any given month is insufficient to pay for all eligible containers in that month, applicants will be paid in accordance with the ranking described below. (See PRC Section 14585(a)(7) and PRC Section 14585(b).)

HOW ARE SITES RANKED?

In the situation described above, sites will be ranked in descending order of their eligible number of containers. In the case of rural region recycler clusters, the consolidated volume will be used to determine the rank. Sites with higher numbers of eligible containers will receive their full HFs before sites with lower numbers of containers receive any HFs. This ranking acts as an additional incentive for you to increase your redemptions.

HOW WILL YOUR HANDLING FEE CLAIMS BE PROCESSED?

The Department will process handling fee payments as follows:

- **Eligibility Determination**

The Department's Industry Services Branch produces a monthly listing of all sites that meet the eligibility requirements shown in the "Eligibility Section" and submits this list to IKON.

- **Application Processing**

IKON receives applications (DR 14s) from recyclers, checks each for completeness and accuracy, determines whether the applicant is on the Department's eligibility list, calculates the handling fees and submits a report to the Department for review.

- **Final Review**

The Department reviews the report, makes a final determination that funds are available, and, as appropriate, authorizes payment.

- **Award Notices and Claims Schedules**

IKON mails a notice to each recycler listing the status of each handling fee application. The Department authorizes a claims schedule which is submitted to the State Controller's Office.

- **Checks**

The State Controller's Office produces checks based on the claims schedule and sends those checks to the mailing address shown on the HF application.

You should allow sixty days from the filing deadline to receive your HF payment.

RECORD KEEPING

WHAT RECORDS DO YOU NEED TO KEEP?

As an operator of a site receiving handling fees, you must maintain certain records for each location where beverage containers are redeemed. You also must be prepared to take any other action necessary for the Department to determine that your site does not receive an excessive or incorrect handling fee.

Specifically, the Department requires that you keep the following records for every recycling site:

- The Site's daily transaction receipts and logs
- The Site's daily summaries
- The participant's copy of any submitted Handling Fee Applications.

These record-keeping requirements are in addition to, and do not supersede, any other requirements imposed by statute or regulation.

APPEALS

HOW DO YOU APPEAL A HANDLING FEE DENIAL?

If you believe that the Department incorrectly determined or denied your HF claim, you may appeal the Department's decision. Prior to filing a formal appeal, however, you should first contact IKON at (916) 852-1010. IKON's analysts will attempt to answer your questions and may refer your call to Department staff for further research and review. If this process does not resolve the issue to your satisfaction and if you still believe that the Department's determination or denial is in error, you may file a formal appeal in the manner outlined below. Do not file an appeal if you are denied payment due to insufficient funds unless you believe that the Department erred in ranking your site.

Regardless of whether or not you contact IKON by telephone, if you choose to appeal a HF denial, your appeal must be submitted in writing within 30 calendar days of the payment date or of the date of the applicable Notice of Denial. Appeals submitted after this 30-day period may be rejected by the Department.

To ensure a timely review, your written appeal must include all of the following:

- A list of the certification number(s) and facility address(es) involved
- The month(s) and year(s) in question
- For appeals of denials, the canceled, original DR14(s) and Notice(s) of Denial
- For appeals of payment determinations, a copy of the Remittance Advice(s)
- A short explanation of why you believe each denial or determination is in error
- Any other documentation that supports your appeal



You should submit your appeal to:

**State of California
Department of Conservation**

Division of Recycling
ATTN: Handling Fees MS 15-29
801 K Street Sacramento,
CA 95814-3533

(916) 322-4867 or
1-800-RECYCLE (in CA only)

The Department will respond to your appeal in writing within fifteen (15) working days of the receipt of your letter.

This departmental appeal process may not exhaust your administrative and legal options. If you are not satisfied with the Department's decision, you should seek legal advice on your available remedies.

ADDITIONAL INFORMATION

IMPORTANT PHONE NUMBERS AND ADDRESSES

If you have questions regarding the overall administration of the handling fee program, or questions regarding the HF eligibility of a particular recycling location, please contact the Department's Industry Services Branch at (916) 322-4867.

If you need additional DR-14s, please contact IKON at (916) 852-1010.

WHERE YOU CAN REACH US

For General Questions:

**State of California
Department of Conservation**
Division of Recycling
ATTN: Handling Fees MS 15-29
801 K Street
Sacramento, CA 95814-3533

(916) 322-4867 or 1-800-RECYCLE (in CA only)

To Submit Handling Fee Applications (DR-14s):

IKON Business Information Service
P.O. Box 277850
Attention: PRPS UNIT DR-14
Sacramento, CA 95827

To Order Application Form or Inquire About Application Status:

IKON Business Information Service
3062 Prospect Park Drive, Suite A
Attn.: PRPS Unit-Order Department
Sacramento, CA 95670

(916) 852-1010
FAX (916) 638-0909

To submit Rural Region Recycler Cluster Information:

**State of California
Department of Conservation**
Division of Recycling
ATTN: Handling Fees MS 15-29
801 K Street
Sacramento, CA 95814-3533

(916) 322-4867
or 1-800-RECYCLE (in CA only)



APPENDIX A: EXCERPTS FROM THE CALIFORNIA BEVERAGE CONTAINER RECYCLING & LITTER REDUCTION ACT & RELATED CODE SECTIONS

The following excerpted sections of the California Beverage Container Recycling and Litter Reduction Act (the Act), Public Resources Code effective September 30, 2006, are provided here to assist you in completing the Handling Fee Application. A complete copy of the Act may be obtained by contacting the Department of Conservation at 1-800-RECYCLE (in CA only). (All section numbers refer to the Public Resources Code.)

DEFINITIONS

14509.4. *"Convenience zone"* means all of the following:

- (a) The area within a one-half mile radius of a supermarket.
- (b) The area designated by the department pursuant to Section 14571.5.

14571.5. *Convenience Zones In Rural Regions:* The department may, in a rural region, upon petition by an interested person, do either of the following:

- (a) (1) Increase a convenience zone to include the area within a three-mile radius of a supermarket, if the expanded convenience zone would then be served by a single existing certified recycling center or location. (2) This subdivision applies only to a convenience zone that is otherwise not being served by a certified recycling center or location meeting the requirements of Section 14571 or is exempted by the department pursuant to Section 14571.8.
- (b) The area designated by the department pursuant to Section 14571.5.

The department may, in a rural region, as identified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, upon petition by an interested person, do either of the following:

- (b) (1) Designate a convenience zone pursuant to Section 14571.1 in an area where there is no supermarket, but with two or more dealers located within a one-mile radius of each other, and that meets all of the following criteria:
 - (A) The dealers in that area have combined gross annual sales of two million dollars (\$2,000,000) or more, as certified by the petitioner in an affidavit filed with the petition.
 - (B) The convenience zone encompasses a three-mile radius, with the center of the zone established at the dealer, located closest to the existing recycling center specified in subparagraph (D).

- (C) The convenience zone does not overlap any other existing convenience zone.
- (D) The convenience zone is served by a single existing certified recycling center.
- (2) The department shall identify the dealer locations only for the purpose of providing a reference point in the establishment of the convenience zone pursuant to this subdivision.
- (3) If the existing recycling location in a convenience zone designated pursuant to this subdivision ceases operations, the convenience zone shall also cease to exist until a new recycling location is established, and the department is petitioned by an interested person to designate a convenience zone.

14510. *"Dealer"* means a retail establishment which offers the sale of beverages in beverage containers to consumers. However, any lodging, eating, or drinking establishment, or soft drink vending machine operator who engages in the sale of beverages in beverage containers to consumers shall not be deemed a dealer for the purposes of this division, except that these sales are subject to Section 14560. To determine which retail establishments are dealers, the Department shall use annual or more frequent updates provided by American Business Information, Inc., as long as the information provided by American Business Information, Inc., is updated at least annually.

14513.4. *"Handling fees"* means an amount paid to an operator of a supermarket site, a rural region recycler, as defined in Section 14525.5.1, or a nonprofit convenience zone recycler, as defined in Section 14514.7, that is located in a convenience zone for every beverage container redeemed by the operator at the supermarket or within the zone in which the supermarket site is located, by the rural region recycler, or by the nonprofit convenience zone recycler.

14514.7. *"Nonprofit convenience zone recycler"* means a recycling center that meets all of the following criteria: (a) The recycling center is operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code. (b) The recycling center is certified by the Department pursuant to Section 14538. (c) The recycling center is located within a convenience zone, but is not necessarily a supermarket site.

14522.5. *"Redemption"* and *"redeem"* mean the return to a recycling center or location of an empty beverage container for a refund of at least the refund value.

14525.5.1. *"Rural region recycler"* means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them.

14526.6. *"Supermarket site"* means any certified recycling center which redeems all types of empty beverage containers in accordance with Section 14572, and which is located within, or outside and



immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

RELATED CODE SECTIONS

14538. ... (c) The Department may recover, in restitution pursuant to paragraph (5) of subdivision (c) of Section 14591.2, payments made from the fund to the certified recycling center pursuant to Section 14573.5 which are based on the documents specified in paragraph (7) and which are not prepared or maintained in compliance with the Department's regulations and which do not allow the Department to verify claims for program payments.

14571(b)(2)(A). ... The recycling center is in a rural region. For purposes of this subparagraph, "rural region" means a nonurban area identified by the Department on an annual basis using Farmers Home Loan Administration criteria. Those criteria include, but are not limited to places, open country, cities, towns, or census designated places with populations that are less than 10,000 persons. The Department may designate an area with a population of between 10,000 and 50,000 persons as a rural region, unless the area is identified as part of, or associated with, an urban area, as determined by the Department on an individual basis.

HANDLING FEES

14585. (a) The Department shall adopt guidelines and methods for paying handling fees to supermarket sites, nonprofit convenience zone recyclers, or rural region recyclers to provide an incentive for the redemption of empty beverage containers in convenience zones. The guidelines shall include, but not be limited to, all of the following:

- (1) Handling fees shall be paid on a monthly basis, in the form and manner adopted by the Department. The Department shall require that claims for the handling fee be filed with the Department not later than the first day of the second month following the month for which handling fee is claimed as a condition of receiving any handling fee.
- (2) To be eligible for any handling fee, a supermarket site recycling center, nonprofit convenience zone recycler, or rural region recycler shall redeem not less than 60,000 beverage containers during the calendar month in which the handling fee is claimed, or an average volume of at least 60,000 beverage containers during the previous 12 months.
- (3) A beverage container with a capacity of 24 fluid ounces or more shall be considered as two beverage containers for purposes of determining the eligibility percentage, any handling fee calculations and payments.
- (4) The Department shall determine the number of eligible containers per site for which a handling fee will be paid in the following manner:
 - (A) Each eligible site's combined monthly volume of glass and plastic beverage containers shall be divided by the site's total monthly volume of all beverage container types.

- (B) If the quotient determined pursuant to subparagraph (A) is equal to, or more than, 10 percent, the total monthly volume of the site shall be the maximum volume which is eligible for a handling fee for that month.
- (C) If the quotient determined pursuant to subparagraph (A) is less than 10 percent, the Department shall divide the volume of glass and plastic beverage containers by 10 percent. That quotient shall be maximum volume that is eligible for a handling fee for that month.
- (5) The Department shall pay a handling fee of 1.8 cents (\$0.018) per eligible beverage container, as determined pursuant to paragraph (4).
- (6) Notwithstanding paragraph (5), the total handling fee payment to a recycling site, nonprofit convenience zone recycler, or rural region recycler shall not exceed two thousand three hundred dollars (\$2,300) per month.
- (7) If the eligible volume in any given month would result in handling fee payments which exceed the allocation of funds for that month, as provided in subdivision (b), sites with higher eligible monthly volumes shall receive handling fees for their entire eligible monthly volume before sites with lower eligible monthly volumes receive any handling fees.
- (8) (A) If a dealer where a supermarket site, nonprofit convenience zone recycler, or rural region recycler is located ceases operation for remodeling or for a change of ownership, the operator of that supermarket site, nonprofit convenience zone recycler, or rural region recycler shall be eligible to apply for handling fees for that site for a period of three months following the date of the closure of the dealer.
- (B) Every supermarket site operator, nonprofit convenience zone recycler, or rural region recycler shall promptly notify the Department of the closure of the dealer where the supermarket site, nonprofit convenience zone recycler, or rural region recycler is located.
- (C) Notwithstanding subparagraph (A), any operator who fails to provide notification to the Department pursuant to subparagraph (B) shall not be eligible to apply for handling fees.
- (b) The Department may allocate the amount authorized for expenditure for the payment of handling fees pursuant to paragraph



- (1) of subdivision (a) of Section 14581 on a monthly basis and may carry over any unexpended monthly allocation to a subsequent month or months. However, unexpended monthly allocations shall not be carried over to a subsequent fiscal year for the purpose of paying handling fees but may be carried over for any other purpose pursuant to Section 14581.
- (c) (1) The Department shall not make handling fee payments

to more than one certified recycling center in a convenience zone. If a dealer is located in more than one convenience zone, the Department shall offer a single handling fee payment to a supermarket site located at that dealer. This handling fee payment shall not be split between the affected zones. The Department shall stop making handling fee payments if another recycling center certifies to operate within the convenience zone without receiving payments pursuant to this section, if the Department monitors the performance of the other recycling center for 60 days and determines that the recycling center is in compliance with this division. Any recycling center that locates in a convenience zone, thereby causing a preexisting recycling center to become ineligible to receive handling fee payments, is ineligible to receive any handling fee payments in that convenience zone.

- (c) (2) The Department shall offer a single handling fee payment to rural region recycler that is located anywhere inside a convenience zone that is not served by another certified recycling center and does either of the following:
 - (A) Operates a minimum of 30 hours per week in one convenience zone.
 - (B) Serves two or more convenience zones, and meets all of the following criteria:
 - (i) Is the only certified recycler within each convenience zone.
 - (ii) Is open and operating at least eight hours per week in each convenience zone and is certified at each location.
 - (iii) Operates at least 30 hours per week in total for all convenience zones served.
- (d) The Department may require the operator of a supermarket site or rural region recycler receiving handling fees to maintain records for each location where beverage containers are redeemed, and may require the supermarket site or rural region recycler to take any other action necessary for the Department to determine that the supermarket site or rural region recycler does not receive an excessive handling fee.
- (e) The Department may determine and utilize a standard container per pound rate, for each material type, for the purpose of calculating volumes and making handling fee payments.

APPENDIX B: GLOSSARY

The definitions provided below are intended to assist you in understanding the information presented in these guidelines. Like the guidelines themselves, however, these definitions are only advisory and do not replace or supersede the definitions contained in either the Public Resources Code or the Department's regulations. Questions about the meaning of any term related to handling fees will be resolved using the provisions of statute and regulation and not by reference to these guidelines.

Appeal

A recycler's request for resolution of a HF payment problem.

Application

The Handling Fee Application, Form DR-14

Award Notice

A report which shows the status of HF determinations for a particular month for a particular recycling firm.

Certified

An operator of a recycling center that has met the requirements for certification, pursuant to PRC Section 14538.

Claims Schedules

Direction for the Controller on how to issue checks. Includes the name of the payee and the dollar amount and is accompanied by a Remittance Advice.

Cluster

Rural Region Recyclers will have the flexibility to combine total monthly beverage container purchases from two or more of their rural convenience zone sites to establish eligibility for a single handling fee payment based on the aggregate volume of the sites chosen. There is no maximum number of sites that can be included in this combination of recycling centers, or *cluster*. Also, any one operator may form as many clusters as meets their business needs. (See PRC Section 14585(c)(2) and PRC Section 14525.5.1.)

Convenience Zone

A zone designated by the Department, defined as an area within a one-half mile radius of a supermarket with annual gross sales exceeding \$2 million. For more information, check our web site at <http://www.consrv.ca.gov/DOR/dmr/retailers/cz.htm>

Department

Department of Conservation

Division

Division of Recycling



DISC

Please see IKON.

DR-14

Handling Fee Application

Eligibility

Eligibility refers to a recycler's qualifications for HFs.

Eligible Center

A recycling center which meets the site requirements for HFs.

Eligible Containers

The lesser of the site's total containers or the site's glass and plastic containers divided by the eligibility percentage which is fixed at 10 percent effective January 1, 2000.

Eligibility Percentage

The eligibility percentage is fixed at 10 percent and is set by legislation. Historically the eligibility percentages have amounted to the following:

Year	Eligibility Percentage
1993	30 %
1994	24 %
1995	26 %
1996	20 %
2000	10 %

Fiscal Year

The twelve month period beginning July 1 and ending June 30.
Grandfathered

A status given to any recycling center which was in existence on January 1, 1986 and has chosen not to accept all types of empty beverage containers, pursuant to PRC Section 14572(b).

HF

Handling fee

Handling Fee Application

Form DR-14 used by recyclers to apply for Handling Fees.

IKON

IKON Business Information Service (IKON). Formerly Data-Image Systems Corporation, the Department's fiscal intermediary.

Monthly Allocation

The amount determined by the Department as appropriate for expenditure for handling fees for a particular month.

Nonprofit convenience zone recycler

"Nonprofit convenience zone recycler" means a recycling center that meets all of the following criteria:

(a) The recycling center is operated by an organization established

- under Section 501(c) or 501(d) of Title 26 of the United States Code.
- (b) The recycling center is certified by the Department pursuant to Section 14538.
 - (c) The recycling center is located within a convenience zone, but is not necessarily a supermarket site. (See PRC Section 14514.7)

Notice of Denial

A notice sent by IKON to the operator of sites which were denied handling fees. One notice is sent for each denied site, during a particular month and explains why the site was denied. Notice of Denial is abbreviated as NOD.

PRC

Public Resources Code

Participant Manual

A manual prepared by IKON for industry participants of the Act. The manual contains basic information concerning the submission of documents as required by the accounting and reporting procedures regulations and operations policies.

Receipts and Logs

Records kept by participants to record and substantiate their purchases, pursuant to PRC Section 14573.7. Used as a basis for reports and program payments.

Receipts-and-logs Redemption Weights

Redemption weights reported on the DR-14 which reflect the participant's receipts and logs.

Recycling Center

A recycling operation which is certified by the Department and which accepts from consumers, and pays or provides the refund value for, empty beverage containers intended to be recycled. Recycling Center is abbreviated as RC.

Redemption Weight

The weight of the materials redeemed by consumers at the participant's facility.

Remittance Advice

A document for mailing the check to the proper entity (recycler) which includes the payee's name and address and a description, for the participant, of what is being paid.

Reporting Month

The calendar month for which the handling fee application is submitted.

Reverse Vending Machine

A mechanical device which accepts one or more types of empty beverage containers and issues a cash refund or a redeemable credit slip with a value not less than the container's refund value. Reverse Vending Machine is abbreviated as RVM.

Rural Region

"Rural region" means a nonurban area identified by the Department



on an annual basis using Farmers Home Loan Administration criteria. Those criteria include, but are not limited to places, open country, cities, towns, or census designated places with populations that are less than 10,000 persons. The Department may designate an area with a population of between 10,000 and 50,000 persons as a rural region, unless the area is identified as part of, or associated with, an urban area, as determined by the Department on an individual basis. (See PRC Section 14571(b)(2)(A).)

Rural Region Recycler

"Rural region recycler" means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them. (See PRC Section 14525.5.1.)

State Controller's Office

Agency responsible for the actual distribution of the checks for handling fees, based of the claims schedule provided by the Department. State Controller's Office is abbreviated as SCO.

Supermarket Site Recycling Center

Any certified recycling center which redeems all types of empty beverage containers in accordance with Section 14572, and which is located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

APPENDIX C: HANDLING FEE APPLICATION (DR-14)

HANDLING FEE APPLICATION

STATE OF CALIFORNIA - The Resources Agency
DEPARTMENT OF CONSERVATION
Division of Recycling
DR-14 (1/00)



PRINTED ON RECYCLED PAPER

FOR STATE USE ONLY

CCN

FOR STATE USE ONLY

POSTMARK

AMOUNT

REC'D BY

MONTHLY REPORT FOR THE MONTH OF _____, 20____

NAME

MAILING ADDRESS

CONTACT PERSON

TELEPHONE NUMBER

CERT. #

☐ CHECK THIS BOX IF YOU HAVE A CHANGE OF MAILING ADDRESS.

☐ CHECK THIS BOX IF THERE IS A CHANGE OF OWNERSHIP OR CLOSE OF BUSINESS.

MATERIAL TYPE	RECEIPTS & LOGS REDEMPTION WEIGHT (TENTH OF LBS)	MATERIAL TYPE	RECEIPTS & LOGS REDEMPTION WEIGHT (TENTH OF LBS)
ALUMINUM	.	PLASTIC VINYL	.
GLASS	.	PLASTIC LDPE	.
BI-METAL	.	PLASTIC PP	.
PLASTIC PETE	.	PLASTIC PS	.
PLASTIC HDPE	.	PLASTIC OTHER	.

In order to be eligible for payment, the Handling Fee Application must be postmarked no later than the first day of the second month following the reporting month. Forms postmarked after this date and incorrectly completed forms will be denied for payment and the Handling Fee will be forfeited.

By signing and submitting this form, I certify that the redemption weights reported herein are only for the supermarket site, nonprofit convenience zone recycler, or rural region recycler indicated above. I also certify that I understand that this form is an application and that a final determination of eligibility for, and amount of, Handling Fee payments, if any, will be made by the Department of Conservation.

Civil penalties of up to five thousand dollars (\$5,000.00) per day may be assessed for violation of the laws and regulations governing this application. In addition, the submission of false information with intent to defraud is a crime punishable by substantial fines, up to three years of imprisonment, or both. Knowing this, I certify that the facts presented herein are true and correct to the best of my knowledge.

Recycler's Signature/Title

Date

FOR STATE ONLY

FORM SERIAL NUMBER (FSN):

RETURN TO: DEPARTMENT OF CONSERVATION, P.O. BOX 277850, SACRAMENTO, CA 95827

NOTES